

Time for Congress to Act with CLASS

By Larry Minnix and Marty Ford

Critics argue that the Community Living Assistance Services and Supports Act (CLASS) plan runs the risk of draining the federal treasury. But if you ask anyone who needs long-term services and supports or provides them to a loved one, they'll tell you that the real risk is doing nothing at all.

The CLASS provisions in both the House and Senate health care bills provide an affordable, accessible and fiscally solvent way to ensure millions of Americans who are elderly or disabled receive the services they need without draining the federal budget.

Congressional action couldn't come at a better time. Some 10 million Americans already need long-term services and supports. Experts say that number will swell to nearly 15 million in the next decade. According to a report just released by AARP and the National Alliance for Caregiving, nearly one-third of Americans are caregivers. Of these individuals, 57 percent are working and 40 percent earn less than \$50,000 a year. CLASS is a badly-needed supplement for these individuals as they face the bleak alternatives for long-term care.

Many people don't realize the lack of support available to them until they face a crisis. Medicare won't pay for long-term services and supports. Long-term care insurance is available to the few who qualify. Medicaid, the government's self-imposed poverty program, is the only option available to most people. And that's why the Medicaid programs are busting state budgets. Clearly, our nation's long-term care system needs reform.

That's where the CLASS Act comes in. The idea is that anyone over 18 could pay premiums through a voluntary payroll deduction. The fund would create a risk pool large enough to significantly lower the cost of long-term care insurance.

The benefit amount would depend on the number of designated "activities of daily living," like dressing, or eating, that a person was unable to accomplish without help. The average daily benefit would be about \$75 dollars a day, but could be more or less depending on an individual's needs.

These may seem like small sums, but they can mean the difference between staying independent or having to go to a nursing home. For instance, just \$75 a day could allow a husband to hire a personal attendant to care for his wife with Alzheimer's disease for a half-day while he takes time to go grocery shopping, mow the lawn, and take a break from the constant pressures of caregiving.

The same sum could allow a 50-year-old accountant with multiple sclerosis to hire an aide to stop by each morning to help him get dressed for work so he can continue earning a living.

And because people would pay premiums to participate, the CLASS Act's insurance benefit would be self-funded. The Congressional Budget Office's (CBO) analysis of the CLASS Act

incorporates some new aspects of the plan designed to further enhance program integrity and long term sustainability. The CBO estimates a \$72 billion net deficit reduction over the 10 year budget window, due to the premiums paid into the trust fund, including a \$2 billion reduction in Medicaid spending in just the first four years because some individuals who would receive CLASS benefits would otherwise have had Medicaid pay for those long-term services and supports. These estimates, based on conservative assumptions and no underwriting, preserves the program's solvency for at least 75 years as the bill requires. It also assumes the premium amount would not change once an individual enrolls. However, the benefit payment would rise each year with inflation.

Thanks to demographic dynamics and medical miracles, we are all likely to live longer. In fact, the average life expectancy has increased 30 years in the past century.

But we must ensure that those extra years are quality ones as well. Too many people with manageable impairments have been driven into poverty and deprived of their jobs, homes, and dignity. The CLASS Act could bring those days to a close and allow thousands of Americans to live renewed, productive lives—without putting taxpayers at risk.

The CLASS Act mitigates against the biggest financial risk any of us, young or old, will face if we become disabled. We believe for the American families who will face this dilemma, doing nothing has a far greater risk than supporting CLASS.

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